

AND WE'RE BACK! OSFI RESUMES IFRS 17 INITIATIVES

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The Office of the Superintendent of Financial Institutions (OSFI) published a [letter](#) to Federally Regulated Insurers on August 7, 2020 outlining OSFI's updated plans for implementation of the International Financial Reporting Standard 17 - *Insurance Contracts* (IFRS 17), now that OSFI's policy development work has resumed (see our [prior bulletin](#) for further details).

The development of IFRS 17, which is to replace International Financial Reporting Standard 4, was one of the many items sidelined by COVID-19. However, updated timelines for IFRS 17 initiatives have now been released. The Consultation on Draft IFRS 17 Regulatory Forms and Instructions, which was previously set to close on March 21, 2020, has been extended to August 31, 2020. In addition, the IFRS 17 semi-annual progress reports will be resuming on September 30, 2020 and directed consultations on capital tests, including conducting Quantitative Impact Study (QIS) exercises will resume in the Fall of 2020.

The implementation of IFRS 17 in Canada has also been affected by the International Accounting Standards Board's (IASB) decision to postpone the IFRS 17 effective date by two years (and to make other amendments to IFRS 17).^[1] As such, IFRS 17 is now required to be implemented for annual periods beginning on or after January 1, 2023. For life insurers who are eligible for the temporary exemption from implementing International Financial Reporting Standard 9 - *Financial Instruments* (IFRS 9), such exemption will be extended to January 1, 2023 for consistency.

To align with the new implementation dates, OSFI has undertaken to finalize amendments to Guideline A – *Life Insurance Capital Adequacy Test* (LICAT) for life insurers and Guideline A – *Minimum Capital Test* (MCT) for property and casualty (P&C) insurers sometime in 2022. OSFI will also revise its Accounting Advisories on both IFRS 17 and the deferral of IFRS 9 after the IASB incorporates its IFRS 17 amendments into the CPA Canada Handbook.

This update demonstrates OSFI's commitment to resuming policy work initiatives as market conditions continue to stabilize.

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[1] See "IASB issues amendments to IFRS 17 Insurance Contracts to help companies with implementation"

(June 25, 2020), online: IFRS[ps2id id='1' target='']

A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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